

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2006

WEDNESDAY, MARCH 2, 2005

**U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.***

The subcommittee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, Burns, Allard, and Dorgan.

DEPARTMENT OF DEFENSE

UNDER SECRETARY OF DEFENSE FOR POLICY

**STATEMENT OF TINA W. JONAS, UNDER SECRETARY OF DEFENSE
(COMPTROLLER)**

**ACCOMPANIED BY ADMIRAL ROBERT F. WILLARD, DIRECTOR, FORCE
STRUCTURE, RESOURCES, AND ASSESSMENTS, OFFICE OF THE
CHAIRMAN, JOINT CHIEFS OF STAFF**

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Good morning. We're pleased to have you appear before us, Ms. Jonas. And I see you're accompanied by Admiral Willard, the Director of the Force Structures, Resources, and Assessments of the Joint Chiefs. We look forward to your testimony. I appreciated our visit before the hearing.

We remain in some very critical missions around the globe, and totally involved in this war on terrorism. We are truly grateful for the commitment of the forces under the Department of Defense, and their commitment to duty and the values we stand for. We've received this request for supplemental funding and are reviewing that request. I had an occasion last night to discuss it with Members of the House, also. We're going to do our best to move as rapidly as possible on this request.

This is the first of 10 hearings that we will hold on the total request of the Department for fiscal year 2006. The President's request includes \$419.3 billion for the Department of Defense, which is a 4.8 percent increase over last year.

We will make your statement part of the record in full, Ms. Jonas, and I would leave room in the record for a statement from our co-chairman, if he wishes to make one.

Would the chairman of the full committee wish to make a statement?

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, I'm glad to be here to help welcome the Under Secretary and Admiral Willard to the hearing. We appreciate very much your assistance to our committee's inquiry into the budget request submitted by the administration. We are very impressed—I'm very impressed with the military's performance in these very difficult and challenging times in Afghanistan, Iraq, the southern Indian Ocean and elsewhere around the world. I think the military has distinguished itself in a way that reflects great credit on all of the men and women who serve in the military, and who support the military directly in the Department of Defense. We appreciate that good work and the outstanding bravery and sacrifice of the families, and for all who are contributing to the successful operations around the world in our behalf.

I also happened to observe a letter I got from a pilot, who was on the *Abraham Lincoln*, describing his firsthand impressions of the relief efforts that were spontaneously provided by our military forces in the region of the tsunami disaster that struck without warning and with such great unbelievable damage. The military forces who were involved voluntarily in reacting to that, and the leadership provided by the military in some of those areas of the world, was truly outstanding. And I commend you all who have had a role in helping make available resources to that operation.

We're interested in understanding the budget request and making sure that what we do in terms, of appropriating funds to support your efforts, continues us on this path toward contributing, like no one else can, to world peace and security and the protection of our homeland.

Thank you very much.

Senator STEVENS. Well, thank you very much, Mr. Chairman.

Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Mr. Chairman, thank you. I appreciate you allowing me to join you this morning. And I don't have any opening comments or anything, and I'll save most of my time for when we get to the question and comment.

Senator STEVENS. Thank you.

I would say, to my two colleagues, that Senator Inouye and I had occasion to visit with Admiral Fargo and listen to him in describing some of his impressions about the way the commander of the Pacific reacted after the tsunami disasters. And we were very impressed with the total commitment that was made and the swiftness of the organization to respond to that terrible incident.

As I said, we have printed your statement in the record. Ms. Jonas, we'd be pleased to have your comments.

OPENING STATEMENT OF TINA W. JONAS

Ms. JONAS. Thank you very much, Mr. Chairman. I won't take much time here this morning, but just to thank the subcommittee for inviting us here to discuss the President's fiscal year 2006 Defense budget request.

As you have noted, the request is \$419.3 billion. This is a 4.8 percent increase over the fiscal year 2005 enacted level, and we look forward to working with you on this request as we move forward, and also appreciate the subcommittee's consideration of our fiscal year 2005 supplemental request.

I would simply like to point out a few of the highlights in this budget. Some of the highlights of this budget include our commitment to supporting the global war on terror. In conjunction with the supplemental funds, we have included significant funds for readiness. Our operation and maintenance (O&M) funds are at \$147.8 billion. This is up \$11 billion over the fiscal year 2005 enacted level. Four billion dollars of that increase directly goes toward readiness. And so, that's an important feature of the budget. We've included additional funds for chemical and biological defense. Funding for fiscal year 2006 is \$1.6 billion. We added \$2.1 billion to the program for fiscal years 2006–2011.

We continue our commitment to the special operations forces (SOF), sustaining that and including additional personnel, about 1,400 new personnel. And the funding for special operations forces is about \$4.1 billion for fiscal year 2006.

We have included a request for special operations forces retention funds in this budget, as well as requested some funds in the fiscal year 2005 supplemental. And I would just note that, since 2001, we're up 73 percent on our SOF budget, so we continue our commitment there.

A key feature of this budget is also the restructuring of our ground forces. As many of you have heard, we have made a commitment to the Army to provide about \$48 billion for their modularity program, using a combination of supplemental and baseline funds to do that.

I would also note that we have \$1.9 billion in the budget to implement the 2005 Base Realignment and Closure (BRAC) Commission recommendations, which is very important to restructure our installations at home. And, in conjunction with that, we are funding the global posture initiative, about \$400 million for that. The key is that these two initiatives are intertwined, and the BRAC recommendations will be informed by the global posture initiative. Under the global posture initiative, we expect to bring home to the United States (U.S.) about 70,000 military personnel, and about 100,000 families. So that's very important.

Also key in our investment areas, we are developing joint military capabilities. We've got a \$78 billion procurement budget, and this is \$3 billion higher than our fiscal year 2005 President's budget request. I would just note that this is about double what it was during the mid 1980s, so we continue our investment there. And procurement does increase over the program plan, reaching \$119 billion by 2011.

We continue our commitment to missile defense. We have about \$8.8 billion in the program, and \$7.8 billion in the Missile Defense Agency.

We continue investment in shipbuilding and in aircraft, and I have some of those details in my prepared statement.

Finally, I'd just like to mention that we have a strong commitment to our military families and our military members. We in-

creased the base pay by 3.1 percent. We're increasing our benefits. For our healthcare benefits, we added \$1.6 billion to the defense health program to make sure that the program is fully funded.

We continue our no-out-of-pocket-cost commitment on basic allowance for housing. Most servicemembers will receive about a 4 percent increase to that allowance in this budget. And we are on track to fund the elimination of all inadequate housing by 2007.

PREPARED STATEMENT

I just would like to close and, again, thank you. I know you've heard from the Secretary on the fiscal year 2005 supplemental request, and I'd be happy to answer any questions.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF TINA W. JONAS

Mr. Chairman, members of the committee, it is my pleasure to be here to discuss President Bush's fiscal year 2006 defense budget request. You have received extensive materials on the budget, which I do not want to duplicate in my statement. Instead I will briefly underscore some of the most important features of our request.

First, I want to thank this committee for its strong support for our men and women in uniform. We look forward to continuing to work with you to ensure that our armed forces have everything they need to carry out their difficult and dangerous missions.

The President's budget request for the Department of Defense (DOD) for fiscal year 2006 is \$419.3 billion in discretionary budget authority, a \$19.2 billion increase (4.8 percent) over the fiscal year 2005 enacted level. Combined with fiscal year 2005 supplemental appropriations, this request includes sufficient funding to sustain the President's pledges to defeat global terrorism, restructure America's armed forces and global defense posture, develop and field advanced warfighting capabilities, and take good care of our forces.

SUPPORTING THE GLOBAL WAR ON TERROR

The fiscal year 2006 budget supports the Global War on Terror (GWOT) by keeping U.S. forces combat ready and strengthening our overall defense capabilities. Readiness is especially critical in this time of war because forces must be prepared to deploy on short notice. Reflecting this importance, the fiscal year 2006 budget includes \$147.8 billion in Operation and Maintenance (O&M) accounts—where training, maintenance, and other readiness essentials are funded—nearly \$11 billion over the fiscal year 2005 enacted amount.

Critical to the fight against terror, the President's plan adds \$2.1 billion in fiscal year 2006–2011 for chemical and biological defense—achieving total funding of \$1.6 billion for fiscal year 2006. We sustain our commitment to our Special Operations Forces (SOF) capabilities, providing \$4.1 billion for fiscal year 2006. We are adding 1,200 military personnel, including 4 SEAL platoons, and 200 civilians. We also are adding \$50 million for programs to boost SOF retention. (The fiscal year 2005 supplemental includes \$62 million for SOF retention.) Since 2001, our investment in SOF capabilities is up by \$1.7 billion or 73 percent. The budget includes \$9.5 billion for activities related to homeland security—such as detection and protection against weapons of mass destruction, emergency preparedness and response, and protection of critical infrastructure.

RESTRUCTURING U.S. FORCES AND GLOBAL DEFENSE POSTURE

The fiscal year 2006 budget provides funding to continue to work to restructure U.S. forces and our global defense posture and basing.

Restructuring Ground Forces.—The Department has made a major commitment to restructuring the Army—adding \$35 billion over 7 years (fiscal year 2005–2011) to the \$13 billion in the Army baseline budget. In fiscal year 2005 and fiscal year 2006, the Department proposes to fund Army restructuring through supplemental appropriations because acceleration of this effort is urgent and vital to the war on terror. The funds requested in supplements will accelerate the restructuring of the ground forces moving into the theater and reset those forces rotating out of theater. This effort will expand the operating combat force of the Army—making our forces

more effective in the Global War on Terror and reducing the demand and strain on our military units and troops. Beginning in fiscal year 2007, we will request funding in the baseline budget to restructure the rest of the Army.

Restructuring will increase the number of Army brigades and convert them into brigade combat teams (BCTs) that are capable of independent operations. The Active Army will expand from 33 maneuver brigades in fiscal year 2003 to 43 BCTs in fiscal year 2007.

The Marine Corps is restructuring to add two active infantry battalions and other combat and support units—increasing its warfighting power and reducing stress on capabilities that are currently in high demand.

Base Realignment and Closure (BRAC).—The President's budget also includes \$1.9 billion in fiscal year 2006 to implement the 2005 BRAC Commission recommendations. The previous BRAC rounds eliminated about 21 percent of DOD infrastructure and generated savings of about \$7 billion per year.

Global Posture.—Closely linked to the BRAC process is the President's global posture restructuring, which will ensure that U.S. forces and equipment are located where they can best respond to likely requirements in today's security environment. It will return 70,000 military personnel and 100,000 family members to the United States, and relocate forces and equipment that must remain overseas. As the 2005 BRAC Commission considers how to streamline and restructure the Department's installations, it will have the benefit of this global posture restructuring plan.

DEVELOPING AND FIELDING JOINT MILITARY CAPABILITIES

The fiscal year 2006 budget funds a balanced combination of programs to develop and field the capabilities most needed by America's military—today and well into the future.

Procurement funding in fiscal year 2006 is \$78 billion, \$3 billion higher than the President's fiscal year 2005 budget request of \$74.9 billion. This \$78 billion is almost double the low point of \$42.6 billion provided in fiscal year 1996. Future procurement funding will steadily increase and reach \$119 billion in fiscal year 2011.

Missile Defense.—The fiscal year 2006 budget includes \$7.8 billion for the Missile Defense Agency to continue to strengthen U.S. missile defenses, focusing more intensely on the most promising technologies. The fiscal year 2006 budget supports the continuing acquisition of Ground-Based Interceptors, Standard Missile 3 missiles, and increased radar capabilities in California and Alaska. As you know we just had a successful test of an interceptor missile launched from an Aegis cruiser—the fifth successful sea-based intercept in six tests.

Shipbuilding.—The budget includes \$9.4 billion in fiscal year 2006 for shipbuilding. This funding supports procurement of four ships: a Virginia class submarine, an LPD-17 San Antonio class amphibious transport dock ship, a Littoral Combat Ship, and a T-AKE dry cargo and ammunition ship. The Navy's restructuring under its Fleet Response Plan has made more of its ships available for rapid deployment. In addition, with precision weapons and newer platforms, today's ships and naval aircraft are far more capable. For example, the Navy now measures targets destroyed per sortie rather than the number of sorties per target. These changes are increasing the effective size and capability of the Navy.

Army Modernization.—The modernization of the Army and the development of new combat capability are critical to the future of its restructured modular force. Most critical is the Future Combat Systems (FCS) program, which will develop a family of advanced, networked, air and ground systems—combat and support, manned and unmanned. FCS funding is \$3.4 billion in fiscal year 2006. The program has been restructured to deliver transformational technologies to today's force as soon as they mature. The advantage of this change is that it will accelerate the upgrading and increased joint operability of current Army forces.

Aircraft.—The fiscal year 2006 budget continues our investment in the new generation of tactical aircraft, including \$5.0 billion for the Joint Strike Fighter, \$4.3 billion for the F/A-22, \$2.9 billion for the F/A-18E/F, and \$1.8 billion for the V-22 Osprey. Under current plans the Air Force is scheduled to procure F/A-22s through fiscal year 2008 to reach a total of 179 aircraft. The budget also includes \$3.7 billion for the C-17 and \$1.5 billion for unmanned aerial vehicles. The 2005 Quadrennial Defense Review will assess U.S. capabilities for sustaining air dominance and other aircraft requirements as part of its broader analysis.

TAKING CARE OF OUR FORCES

Most importantly, the fiscal year 2006 budget maintains the President's commitment to take good care of our military people and their families. It reflects our conviction that people are the nation's most important defense asset. The budget in-

cludes a 3.1 percent increase in military base pay and provides significant funding to ensure high quality health care for our military families. The fiscal year 2006 budget provides about \$20 billion for the Defense Health Program and \$7 billion for the military personnel who support the health care program. The budget sustains our commitment to no out-of-pocket costs for military members living in private housing, by increasing the Basic Allowance for Housing by an average of 4 percent. And the budget keeps the Department on track to fund by fiscal year 2007 the elimination of all inadequate military family housing units in the United States, and to fund by fiscal year 2009 the elimination of all inadequate units worldwide.

FISCAL YEAR 2005 SUPPLEMENTAL APPROPRIATIONS

Before closing, I want to thank this committee for beginning work quickly on the President's fiscal year 2005 supplemental appropriations request of \$74.9 billion for the Department of Defense. Rapid and full approval of the request is crucial to fulfilling our military's requirements for the rest of this fiscal year.

Two-thirds of the supplemental is to cover costs for ongoing military operations in Iraq and Afghanistan. In addition, the supplemental includes \$11.9 billion to restore or replace equipment damaged or destroyed in combat. This funding is crucial to ensure the readiness of the force. It consists of \$3.2 billion for depot maintenance, \$5.4 billion to replace military items destroyed or expended during combat operations, and \$3.3 billion to improve protection of our forces.

The supplemental also funds the vital strategic goal of training and equipping military and security forces in Iraq and Afghanistan. Strengthening these forces is essential to the long-term security and stability in both nations, and will enable them to become more self-sufficient and less reliant on U.S. and coalition forces.

CLOSING

In conclusion, the President's fiscal year 2005 supplemental request and fiscal year 2006 budget provide the funds necessary to support the global war on terror, restructure our forces and America's global defense posture, develop and field advanced military capabilities, and maintain the well-being of our military people and their families. I urge your support for this request, as well as for the President's proposed fiscal year 2005 supplemental appropriations. Thank you.

Senator STEVENS. Well, thank you very much.

I know the chairman has another hearing at Homeland Security. Would you have any questions, Senator?

Senator COCHRAN. Mr. Chairman, the only question I have relates to the supplemental.

You know, that we have had a review of that supplemental, and it will be coming to the floor soon. We understand that it is a matter of some urgency, although when we were having our initial hearing and reviewing the request, there was some question about when the money actually was needed. Some said in March; others, April or later. What is the situation with the need for this supplemental for some \$75 to \$76 billion for the Department of Defense?

WHEN SUPPLEMENTAL IS NEEDED

Ms. JONAS. Well, first of all, Mr. Chairman, I appreciate the cooperation of this subcommittee and the full committee with respect to moving that legislation along. We can get through the second quarter fairly easily. Getting into the third quarter, we begin to have some difficulty. And, as you may know, the services have to then make plans in anticipation of their funding flows. So I would say once we start getting into the third quarter, we begin to have some issues.

Senator COCHRAN. Okay.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you.

And I share the chairman's comments about that. I'm still not clear what you said, however. You said you could get through the second quarter. That ends in March. And you have difficulties in the third quarter.

Ms. JONAS. I think—

Senator STEVENS. When do you really need the money?

Ms. JONAS. Certainly by April or May, sir.

Senator STEVENS. Can you draw a line in the sand?

Ms. JONAS. April would be better than May, sir.

Senator STEVENS. We're concerned about the stress on the total force and what this means to retention. I'm informed that—this is an all-volunteer force, of course—that the Army retention was retained last year at the 10 percent goal, but the ability to maintain their contribution to the total force is still of some concern, and that the marines missed their requirement by a small amount, the first time in 9 years. Can you tell us what initiatives are contained in this program for fiscal year 2006 that would help reduce the stress on the military and their families and help us with retention and recruitment?

REDUCING STRESS ON THE MILITARY

Ms. JONAS. Certainly, Mr. Chairman. I would note, in the fiscal year 2005 supplemental, we are asking to increase our bonuses for those who are willing to join the Reserves, and asking to pay for a maximum up to \$10,000. So that relief would be helpful.

Senator STEVENS. That's for people who decide to become regular? They're in the Reserves; they want to sign up—you want them to sign up and become regular forces?

Ms. JONAS. This is encouraging Active duty to sign up for the Reserves.

Senator STEVENS. Oh, the other way around.

Ms. JONAS. Yes, sir.

Senator STEVENS. Would they remain on Active duty, then?

Ms. JONAS. They would be joining the Reserve. And I'll defer here to Admiral Willard on that.

ACTIVE/RESERVE RECRUITING

Admiral WILLARD. Sir, these are Active duty that are ending their terms in Active duty and would transfer into the Reserve force, with a likelihood that they would, under their current circumstances, be called up to continue to perform.

Senator STEVENS. How is that program going? Is it underway now?

Admiral WILLARD. It's currently in the budget, so, yes, sir, in that sense, it is. As you point out, there are challenges, and they're more widespread than just incentivizing transfers from Active to Reserve. I would comment that, within the supplemental, there are a variety of efforts underway to reduce stress on the force. The reorganization of our ground forces, the modularity program for the Army, is one method of doing that, in trying to increase the number of brigade combat teams that are deployable. So we are attempting to reduce the ratio that—for deployment—that we are currently encountering. And that will happen over time. So, once again, a number of incentives to try and reduce the stress on the

force. As you point out, the retention and recruitment numbers for the Army are down; and, for the Marine Corps, are very slightly down.

I would note that, in the Active force, we are in pretty good shape in recruitment and retention, and that this is the time of year when we typically have a downturn in monthly recruitment/retention. And following schools getting out in the summertime, we normally make the upturn, so that at the end of the year this evens out. We have more concern in our Reserve component with regard to recruitment and retention. And, there, we're monitoring the trends very closely. And the incentives, as Secretary Jonas points out, are going to be an important factor in attempting to maintain the numbers there.

Senator STEVENS. Thank you.

PHASING IN NEW FUNDING FOR OPERATIONS

Ms. JONAS, the supplemental that we have before the full committee is \$42.5 billion to support military operation and equipment. I'm informed that the operating funds will expire on September 30 under that proposal, and that the estimated recurring military operational costs average \$4.3 billion a month for operations, and \$800 million a month for Operation Enduring Freedom, in Afghanistan. Now, tell us how these fit together. Your current funds, are they exhausted for 2005? And when does the money from the supplemental have to phase into those operations?

Ms. JONAS. Thank you, Senator.

First of all, if I hadn't mentioned it, we appreciate the help that we got from the Congress—and your subcommittee, specifically—on the \$25 billion that has been appropriated. Seventeen billion of that has been allocated to the services for operations. The \$3 billion has been also allocated for force protection matters, and they are currently using those funds.

I can certainly get you, for the record, the exact obligation rates, but they are using those funds currently.

[The information follows:]

As of February 28, 2005, \$30.4 billion has been obligated in support of the Global War on Terror from funds appropriated in Title IX (\$25 billion) and from cash flowing of fiscal year 2005 baseline funds. A summary of the amount obligated is shown below:

[In millions of dollars]

	Baseline Funds	Title IX Funds	Total
Operation Iraqi Freedom	16,287	9,558	25,845
Operation Enduring Freedom	2,528	1,072	3,600
Operation Noble Eagle	905	905
Total	19,720	10,630	30,350

Ms. JONAS. We would certainly hope to have this supplemental legislation that we've put before you, the \$74.9 billion, as soon as possible to help alleviate the concerns of the services. Again, I would say probably April would be better than May, with respect to getting those funds. I don't have the exact obligation rates for

you this morning. I would be happy to provide that for the record on the \$25 billion, though.

Senator STEVENS. Well, what I'm really trying to get at is, we gave you \$25 billion, which was, sort of, a cushion to take you—a bridge funding to take you through this year. It sounds like you've allocated them—all of that money to operations and equipment maintenance. Is that right?

Ms. JONAS. The preponderance of the funds; \$17 billion is the right figure.

Senator STEVENS. And that, plus the funds that are already in 2005 are such that you've now got \$42½ billion in addition to that, that you need before October 1, right?

Ms. JONAS. Correct, sir. Yes, sir.

Senator STEVENS. Well, I don't think it takes a rocket scientist to figure out that you're spending it faster than the rate you've given us in the past, then. What is the rate that is being expended in operations and maintenance, on a monthly basis?

Ms. JONAS. Our current operations in Iraq are running us about \$4.1 billion. It's \$800 million in Afghanistan per month.

Senator STEVENS. Well, I think we need to understand this cash flowing a little bit better, because we're going to get some questions about this supplemental if we're not careful.

Let me turn this over, however, to the chairman, if he has any additional requests, and then to—Senator Burns, I think, came in before Senator Allard.

Senator, do you have any additional questions?

Senator COCHRAN. I have no further questions.

Senator STEVENS. Senator Burns.

Senator BURNS. Thank you very much, Mr. Chairman.

GAINING MORE RAPIDLY DEPLOYABLE UNITS

Monday, I was out in San Diego and did a little tromping around out there. And I was reminded that, 50 years ago, right now, I was a boot out there in that Marine Corps Recruit Depot (MCRD). And I didn't have to get my nose broke this time to remind me. I know how you can save a little money in this budget. I noticed that there's a big push now for restructuring ground forces, focusing on Army brigade light units for quick strike force in the United States Army. I would suggest you've already got it. I would suggest you've got a United States Marine Corps that is a strike force, and the best in the world. Mobile. So why are we training people to do this redundancy? If I noticed anything in the supplemental that came up, both in the State Department and for Defense, we identified some areas where there is some redundancy.

My question is, How come we're not looking in that direction, rather than restructuring a unit that is designed to do other things? Can I get a response to that?

ARMY MODULARITY

Admiral WILLARD. Yes, sir, you can. The Army is reorganizing to try and make itself more rapidly deployable, flexible, more self-sustaining, in terms of the units that they put in the field. At the same time, the Marine Corps is restructuring itself—to a lesser extent, but, nonetheless, restructuring itself—with the addition of in-

fantry battalions, combat support, and combat service support elements.

I'm not sure "redundancy" is the term that I would use. But, rather, the variety of our ground forces, whether it be Army, Marine Corps, special operations, are all undergoing an evolution right now to try and reorganize themselves and optimize themselves. And the question we would ask is whether the capacity for the country is there among those ground forces. And we believe that it will require reorganization across the board and an understanding of not only roles and missions, but a capabilities mix across the board that will get this right. It's intended that that is one of the study areas in the upcoming Defense review. But, again, the supplemental makes an effort to establish that organization across our ground forces, specifically targeting Army and Marine Corps, right now.

Senator BURNS. Well, I just thought there was some redundancy. And it appears, as you know, if you read where the money is going, and how it's going, that would seem to be something that we would take interest with up here on the taxpayer dollar. And I'm not one of these that think that we can get it done on nothing. But we know that we're in a different kind of a world now. We are in a different kind of a challenge to this country and its freedoms. And so, there has to be some things redundant that some of us up here might not understand. But I appreciate your comments on that.

That's the only thing that I have right now. I think, in this budget, we've got the opportunity to do right. I usually visit military installations that are in Montana, and will be coming to you for a little problem we've got up there, but that's for another day. And it's not a problem; it's just another challenge that we have, as far as our defense and capabilities and our concerns.

PREPARED STATEMENT

So, thank you for coming today. And I thank the chairman.

And I have a statement that I would like to be part of the record, and I will ask unanimous consent that it be so.

Senator STEVENS. Without objection, so ordered.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Mr. Chairman.

Ms. Jonas, Admiral Willard, thank you for being here this morning to testify on the Department of Defense's (DOD) fiscal year 2006 Budget. I will keep my statement brief and retain the remainder of my remarks for the record.

I note that the President's budget request for the Department of Defense for fiscal year 2006 is \$419.3 billion—excluding the supplemental, also before this committee for consideration—representing a \$19.2 billion increase (or 4.8 percent) over last year's fiscal year 2005 level. I think the fiscal year 2006 budget on the whole, is a good one. Your job is not an easy one—especially in the current environment, with military operations around the world and in the midst of the ongoing War on Terror. I do think, however, despite all of the competing interests at hand, you were able to strike a fairly good balance between all accounts and competing needs. This budget appears to be one that funds core needs to allow troops currently engaged, to do so safely and to the best of their ability.

I am pleased to see that this budget also prepares our military forces for future engagements, where battlefields will look much different than they have in years past. We must ensure our military transforms in such a way as to have the right military capabilities for any future engagement. An overall Research and Development (R&D) request of \$69.4 billion helps get us there.

As you know, the men and women of our active, Guard and Reserve components have seen an increased operations tempo (optempo) over the past few years in particular. In my State of Montana, we have over 40 percent of the Guard's total force mobilized. While I know these men and women love what they do and love serving their country, this increased optempo does not, however, come without costs—costs not only to guardsmen and reservists themselves, but also to their families and employers, too.

I am pleased to see that the budget addresses this issue and looks at ways to rebalance our forces and reduce the need for involuntary reserve mobilization. I do think it is important to look at ways to add folks to areas where we currently have a shortage, such as military police, transportation and civilian affairs. I see we are doing exactly this, in this budget.

Increased operations also wear and tear on the military's already aging equipment. This year's budget proposes \$147.8 billion for the Operation and Maintenance (O&M) account, up from \$137 billion in fiscal year 2005. The procurement account has been proposed at \$78 billion, just slightly down from the fiscal year 2005 enacted level of \$78.1 billion.

The United States military would not be the best fighting force in the world without the great people who wear the uniform. It is important that we take care of our military men and women and ensure their quality of life is good. I am pleased to see this is a priority in the fiscal year 2006 budget. The Military Personnel account is funded at \$108.9 billion in fiscal year 2006, while the Military Construction and Family Housing accounts request is a total of only \$12 billion. I note the 3.1 percent increase in military base pay and the 2.3 percent increase in civilian pay included in the President's budget. I am also pleased to see the 4 percent increase in the Basic Housing Allowance, and that DOD appears to be on track to eliminate all inadequate military family housing in the United States by fiscal year 2007. The budget also includes the expansion of TRICARE benefits, to allow health care coverage up to 90 days prior to activation for certain Reserve Components, with post-mobilization coverage of 180 days.

Our military has performed nobly in all of its missions—especially in Afghanistan and the continuing conflict in Iraq. This country's fighting force is extremely skilled and capable, and it is our responsibility to ensure our brave military men and women have the tools and equipment needed to do their job so they may return home to their loved ones safely and as quickly as possible.

You will continue to have my full support in making sure our brave military men and women—wherever they may be engaged—have the tools, training and equipment to do the dangerous jobs with which they have been tasked.

Again, thanks for coming before our subcommittee today. I look forward to your testimony this morning.

CHEMICAL DEMILITARIZATION

Senator STEVENS. Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

Ms. Jonas, I had a chance to visit with you and Mr. Wolfowitz yesterday. And you were sitting on his right hand when I was drilling him about the Chemical Weapons Convention Treaty.

Ms. JONAS. That's right, sir.

Senator ALLARD. And so, I don't know as I need to go over that too much. I would like to put some in the record in this subcommittee, though, and the fact that the President's budget, Defense budget, provides for \$1.4 billion for chemical weapons, the demilitarization program. Now, that's consistent with previous requests, but it doesn't measure up to the full cost of the program, as we see it. And, you know, I look out as to what dates we're expected to comply with that convention, and the plant in Colorado, for example, is a decade past the deadline. I know Kentucky has a special problem, just like we do, so you'll probably hear from Senator McConnell also, on this very issue. We had testimony from Secretary of State Condoleezza Rice who said that when we sign into those treaties it's important that—in fact, she was unequivocal about this—she said that it's important that we comply with the

treaties. We're pretty well behind on the dates of expected compliance on the treaty. And so, we'll be asking some tough questions. It seems to me like the program has been backsiding. And I know we have special problems in both Kentucky and Colorado, and we want to work with that.

And the question I have—Mr. Wolfowitz, yesterday, said that he's going to reexamine where we are, as far as that program is concerned. I appreciate his willingness to do that. But what I failed to get from him was a timeline.

Ms. JONAS. Okay.

Senator ALLARD. When does he expect to get back—or when you would expect to have the reexamination completed and get back to me and also the Kentucky delegation?

Ms. JONAS. Certainly. Senator, we'd be happy to work with you, as the Deputy Secretary indicated yesterday, and also with the other concerned Senators and delegations.

I don't know that I have a timeline for you this morning, but I would certainly be able to do that and find out soon and get back with you and your staffs. We will continue to work closely with you as you consider this legislation and as we work to figure out some of the cost issues that the Deputy talked about yesterday.

[The information follows:]

As directed by the December 23, 2005 Acquisition Decision Memorandum the Program Manager, Assembled Chemical Weapons Alternatives and Director, Chemical Material Agency developed an assessment of alternatives for meeting the Chemical Weapons Convention extended 100 percent deadline of April 2012. On April 15, 2005 the Under Secretary of Defense for Acquisition, Technology & Logistics made a decision to exclude transportation for the time being and to proceed with the alternatives that balanced cost, schedule, and performance. The Program Manager, Assembled Chemical Weapons Alternatives and Director, Chemical Material Agency will provide the program plan by mid-May that includes the design effort schedule. The Under Secretary of Defense for Acquisition, Technology & Logistics will review and approve the critical designs based on the schedule submitted in mid-May.

Senator ALLARD. Yes, I've got a lot of concerns about the program. I appreciate your being willing to work with the deadline. You know, if we looked at the GPRA, you know, Government Performance and Results Act, their evaluation of that program was an ineffective rating in the last budget. I haven't had a chance to look at it on this budget. There are so many questions on that program, I think it needs to be examined. You can expect me to be there.

Ms. JONAS. Yes, sir.

MISSILE DEFENSE PROGRAM

Senator ALLARD. The other thing that I have concern on is the Missile Defense Program. I used to chair the subcommittee that had oversight in Armed Services on missile defense. I noted in the President's budget that he has cut it by \$1 billion. We're also looking at, perhaps, some additional cuts in the future. I think somebody suggested that in the Department of Defense. So I would like to hear some of your thoughts and what your plans are for missile defense.

Ms. JONAS. Okay. I may turn some of the planning piece over to the Admiral to talk to. I would say this budget maintains a commitment to the Block 2004 and the Block 2006 programs, which are substantial. The Block 2004 program has 20 ground-based intercep-

tors, 10 sea-based interceptors. And, of course, the Block 2006 program would add an additional 20 ground-based interceptors and an additional 40 sea-based, and with the accompanying radars and infrastructure on that.

So the President remains committed to this program. We remain committed to the program. And maybe the Admiral can fill in a little bit on the rest of the program.

Senator ALLARD. Okay.

Admiral.

MISSILE DEFENSE

Admiral WILLARD. And I think the points that Secretary Jonas brings up, with regard to achieving our milestones with regard to interceptors, is an important element of this, to represent the fact that this budget supports the missile defense levels of effort, ongoing.

General Obering has been asked to look for efficiencies within his organization, and he's done that, and that's been part of the savings that we've seen. In addition, his methodology for achieving his missile defense objectives dealt with a number of different programs, varieties of options, to attain those missile defense objectives that he was intending to neck down over time as some of those options became more promising than others. And he is doing that.

And, frankly, the savings that were taken from missile defense has had him invest in that option sooner rather than later. And, in a fairly recent summary of his missile defense activity, it's evident to us that he has both achieved the efficiencies and has laid out his milestones to attain the President's objectives in missile defense with this savings intact.

So, we're confident that General Obering has the plan to achieve what we hope to achieve objectively out of missile defense.

SUSTAINING MISSILE DEFENSE TESTING AND QUALITY CONTROL

Senator ALLARD. Well, I'm pleased to hear that, you know, you're getting more missiles in the ground and you're going ahead with that. I do think that we need to make sure we don't back off on our testing, because, as you know, the last two failures we had—as far as I'm concerned, weren't because of new technology. The gates aren't opening right or there's a misfiring of some type on the ground, and we haven't even gotten an interceptor in the air. So we've got to have some controls in that, because every time you have a failure in something like that—and particularly when it's older technology and it ought to be operating—it's difficult to explain up here to those people who oppose missile defense. It's a great program. We need to have it, and we need to make sure that it doesn't stumble.

And so, I would hope that we have the testing part of it, so we don't have the old technology, so we could test out the new technology, find out how it performs in the air. We have had a lot of good tests, that succeeded. Then we've had some of these failures. They've been disappointments to me, because it hasn't been on the new technology side; it's been on the old technology side.

So, again, I just raise some concerns about that and would hope that, if you're cutting back on the spending on that, that where we've got enough quality control in there that we're not losing sight of our older technology. We know it works. We just have to make sure the mechanics of it are there so we get a successful firing. So I just wanted to share that with you.

Mr. Chairman, I don't want to abuse my time here. I don't have a time limit here. So I will yield back. And if there's more time later on, I may have some more questions. Thank you.

Senator STEVENS. Well, since there are so few of us, I decided not to put a time limit on, but we'll come back to you, Senator.

Senator Dorgan.

MONTHLY SPENDING IN IRAQ AND AFGHANISTAN

Senator DORGAN. Mr. Chairman, thank you very much.

I have read the statement. I was detained this morning. I'm sorry I wasn't here for your presentations. But I would like to ask a couple of questions.

We have had questions, previously, about the amount of money that is being spent on a monthly basis in Iraq and Afghanistan. My understand is, you were asked that question this morning, and the answer is about \$4.9 billion—

Ms. JONAS. That's correct—

Senator DORGAN [continuing]. Per month?

Ms. JONAS [continuing]. Senator.

WHAT OPERATIONS FUNDING IS INCLUDED IN SUPPLEMENTAL

Senator DORGAN. Questions have been raised previously about what is in your budget request for the next fiscal year and what is left out of the request. I want to just take you through this issue of why the request does not include funds for ongoing operations in Iraq and Afghanistan. I've raised this the last two successive years. And the Congress also included a provision, as you will recall, last year, asking that the President's budget should include a request for funds for Iraq and Afghanistan operations.

Having said that as a precursor, tell me, the supplemental request that is now before the Congress includes funding for what kind of operations that have not been requested in your annual budget?

Ms. JONAS. Certainly, the funds that are included in the supplemental are those related to Operation Enduring Freedom and Operation Iraqi Freedom. In the past, we've asked for Operation Noble Eagle costs in the supplemental. We've included those in the baseline budget this year, which is a change.

Senator DORGAN. But if I can try to understand this, the costs for an operation, the costs would include the cost of the soldiers. Obviously, the cost of the soldiers—

Ms. JONAS. For personnel—

Senator DORGAN [continuing]. Exists whether you have the operation or don't have the operation. So that's a cost that I assume is in your regular budget request.

Ms. JONAS. Yes. Our estimates are based on a cost model, which includes a number of different things, including personnel, transportation, other special pays, depending upon the deployment.

Senator DORGAN. Okay, personnel—we have the personnel, whether they're in Iraq or not in Iraq. We're paying for them. So are they not in the regular budget? I'm just trying to understand—

Ms. JONAS. They're incremental costs, Senator.

Senator DORGAN. What's that?

Ms. JONAS. Incremental costs of personnel including special pays—for example, hazardous duty pay, danger pay, other types of things.

PERSONNEL COSTS

Admiral WILLARD. Additionally, there are personnel overage right now that is attendant to the war, and in the Army, in particular, and that is captured, as well, in the supplemental.

Senator DORGAN. And those costs are something like \$75 billion a year, over and above that which is in the regular budget for the cost of personnel, the cost of transportation, the cost of weapons and so on? It's \$75 billion a year?

Ms. JONAS. The military personnel costs are about \$16.9 billion. The operations costs are \$31.1 billion. We've requested \$16.1 billion for procurement. This is different from past supplementals, and that is associated with what we call wear and tear on the equipment. We include about \$3.2 billion for depot maintenance. These are readiness-related matters.

As the Admiral pointed out earlier, we've asked for some funds for the Army's restructuring or modularity.

Senator DORGAN. Right.

Ms. JONAS. And that, of course, is related to units that are rotating into the theater, and then they're reset when they come out. So we want to make sure that those that are going in are prepared and ready to go, and those that come out are—their equipment is up to standard.

Senator DORGAN. Let me ask, then, on—how much did you say was for wear and tear on equipment?

Ms. JONAS. Well, we've got about \$16 billion in the procurement account, which includes about \$12 billion for the wear and tear, and also includes some force protection.

Senator DORGAN. And that's in the supplemental.

Ms. JONAS. Yes, sir.

Senator DORGAN. How much is in next year's budget for wear and tear on equipment?

Ms. JONAS. We can get that number for the record.

[The information follows:]

The wear and tear on equipment due to deployments in Iraq and Afghanistan are generally costs over and above the on-going baseline equipment maintenance program. The fiscal year 2005 supplemental includes \$5.3 billion to finance the incremental (that is, above the baseline appropriation) costs of equipment maintenance. The additional funding requested for fiscal year 2005 is: \$1.4 billion for organizational level maintenance; \$0.7 billion for intermediate level maintenance and \$3.2 billion for depot level maintenance. This work is required to bring weapons and weapon system platforms up to ready levels after the wear and tear of combat operations in Iraq, Afghanistan, and other areas elsewhere in support of OIF and OEF.

The Department anticipates that an fiscal year 2006 Supplemental request will include funding for maintaining equipment returning from theater. The fiscal year 2006 cost has not yet been estimated but is likely to be in a similar range as reflected in the fiscal year 2005 supplemental.

Ms. JONAS. We have normal depot maintenance that we do in the—

Senator DORGAN. All right.

Ms. JONAS [continuing]. In the regular budget.

APPROPRIATENESS OF USING SUPPLEMETALS

Senator DORGAN. Whether it's personnel or wear and tear on equipment, it seems to me like this is a kind of a game, unfortunately, that no money is requested for these extraordinary expenses for Iraq and Afghanistan in the regular budget, anticipating that we'll do a supplemental later, on an emergency basis, not paid for. And we do that each year.

Now, the year before last, I asked this question. Last year I asked this question. I asked the question again this year. To use Secretary Rumsfeld's terms, it is certainly not unknowable that we will have expenditures from the regular budget next year with respect to ongoing operations in Iraq and Afghanistan. You can argue, we don't know exactly what the expenditures will be, but it is also the case that we know they will not be zero. So won't there, at some point, be a requirement for you to give us your best estimates of what we expect to expend in the coming year?

Ms. JONAS. Well, certainly, I understand there is a significant amount of discussion between the Congress and the administration on the appropriateness of using supplemental funding for the war. I would note that Director Bolten testified a few weeks ago before the Senate Budget Committee and articulated his position, which is that these funds are one-time, not permanent costs, and that his position was that they should be funded in supplements.

So we clearly work very closely with the Office of Management and Budget on that, and we will work with them in the future on any future requirements.

Senator DORGAN. But with—you know, only in Washington could Mr. Bolten say that, without evoking some sort of laughter. We understand that these are more than one-time knowable costs. We understand that from the year previous, the year previous to that. At some point, it becomes a game. And I understand why some want it perpetuated; but it would make much sense, it seems to me, for the Congress to receive from you what you expect to expend in the coming year, given the circumstances that you face.

We certainly are going to support, and I'm going to vote for, the request for the urgent supplemental. I'm not going to suggest, and I don't think my colleagues will, that we should commit our troops and then not give you everything that is requested to support those troops. But I think when you get to the third or fourth year, where your contention is we're going to spend zero in the next year, or at least you have no knowledge of what we will spend, therefore, you will request zero for the specific operations, I think the Congress will be better served if you would say, "Look, here's our best estimate. And we understand things can change, but here's what we think we will have to spend."

Ms. JONAS. I understand your concern, sir.

Senator DORGAN. And Congress has put that, as you know, in the statute and requested that you do that. And you have not, this

year. Why not? As you know, the statute exists that says you should.

Ms. JONAS. Sir, we are constantly working with the Office of Management and Budget on a number of these things. We are working with them on the particular provision that you cited.

Senator DORGAN. All right.

Let me just ask, for a moment, about missile defense. Do I have a couple of more minutes?

Senator STEVENS. Yes.

MISSILE DEFENSE REDUCTIONS

Senator DORGAN. About missile defense. You know, I'm one of those that's skeptical. I think we're spending a great deal of money on something that, at the moment, is not demonstrated to work. And it's very unusual, in any circumstance, to be buying products that are not demonstrated to have worked. But the \$8.8 billion in fiscal year 2006 is down from the current spending level, is that correct?

Ms. JONAS. Yes, sir.

Senator DORGAN. And that relates to, Admiral, efficiencies in the program or to—can you describe to me the circumstances of the \$1 billion reduction?

MISSILE DEFENSE

Admiral WILLARD. Yeah. General Oberg came back to the building to discuss the restructuring of his program, as would be necessary in order to incorporate those savings. And, in that, he showed a combination of efficiencies and decision points that he was making in order to neck down the number of options that he had for particular capabilities that he was seeking, based on their research and development programs, and the ones that appeared to be most promising. And he demonstrated his ability to deliver the interceptors, as Secretary Jonas pointed out earlier. So it's a combination of both in his plan.

Senator DORGAN. Admiral, is there an open question of whether, at some point, this will be determined to be either a project or a program that works or doesn't work? And if there's a potential that we may decide, at some point, that it doesn't work—the last two tests, the missiles remained in the silo, for example—if there's a potential that, at some point, we may decide this doesn't work, would we then expect, on this subcommittee, a substantially reduced level of expenditure?

Admiral WILLARD. I think, right now, that we're committed to the fact that it will work, and is working. And Senator Allard's point and disappointment with regard to the efforts that have occurred, the two test failures that have occurred that were really outside the high technology, new technologies areas, were a disappointment for all of us. I would point out that, on the maritime side, there was a successful test this past week in missile defense, and we are seeing progress made, both in terms of the technologies and in terms of those that are most promising in the concept of operations and in attaining this capability.

So, first, I think the commitment that we're making in this budget to missile defense is based on a level of confidence that we have

that we're on the right track. That said, we're constantly reviewing the appropriateness of all of our capabilities, to include missile defense, and will continue to do that. And we'll make adjustments along the way if, in those reviews, we determine that either the security environment has changed, or will change in the future, or our capabilities are more or less attainable.

Senator DORGAN. My State housed the only antiballistic missile program that was ever deployed in this country. It was operational for only 30 days. But my own view is that the threat meter that would describe the threats against this country would provide that the least likely threat would be a rogue nation or a terrorist organization would use an intercontinental ballistic missile to deliver a nuclear warhead.

Having said all that, we're spending a massive amount of money on this program at a time when we don't have quite as much money as we had hoped to try to deal with our fiscal policy issues. And I hope that we take a hard look at this program, with a critical eye. And if, at some point, we determine hitting a bullet with a bullet is not going to work, that we don't pursue this with tens and tens of billions of dollars.

Let me—

Senator STEVENS. Senator, we're going to have to move on, I think.

Senator DORGAN. Yeah, let me—Mr. Chairman, let me thank our witnesses.

The first line of questioning is only to try to elicit, as best we can, what our total obligation and costs are going to be, not whether we support our troops or whether we support missions. I do, and want to be helpful, but I think, in the longer term, it is better for the Congress if we put all of these estimated costs on the table so that we can evaluate them. And I appreciate very much your service. Thank you for being here.

Senator STEVENS. Well, thank you very much, Senator.

One of these days, we'll have to have a debate about that missile defense system, because I certainly disagree with what you said. The Aegis system worked four and five times. The system in your State would have worked. The decision was made to put it in my State, and we have had some malfunctioning, in terms of the test—launching the test vehicles from Kwajalein. But we still have every confidence that the system will work.

Senator DORGAN. I think a debate of that type would be meritorious for this subcommittee, as a matter of fact.

DEPARTMENT OF DEFENSE HEALTHCARE FACILITIES

Senator STEVENS. Senator Byrd is not here, Ms. Jonas, but he is very concerned about the status of the medical care facilities that are available. And he has had the good fortune of establishing, in West Virginia, a system to bring about a healthcare tool for the country at the country's leading military hospitals. It's Walter Reed's facility that is in West Virginia, called HealtheForces, and he was the one who initiated the cooperation between the two.

Incidentally, I would like to talk to you about carrying out the commitments that were made in Alaska when we moved the Hospital of the Pacific to Anchorage from Clark Field. It was our un-

derstanding that such a facility would be established in Alaska, but it never has been established. And the people from Korea and all over the Pacific, fly all the way into the mainland rather than come to Alaska, which is a day short, really, almost, in terms of flying time, as far as people that need healthcare.

But Senator Byrd's agreement between Walter Reed and Marshall University and the National Technology Transfer Center, with regard to diabetics and chronic disease sufferers, has been established. It is called the Byrd Center. And he has some—he believes this is a shining example of linking national healthcare advancements with local expertise to meet healthcare needs, a very worthwhile concept.

How is this program progressing toward implementation in West Virginia now?

Ms. JONAS. Senator, I would have to provide the details of that program's status for the record.

[The information follows:]

The Marshall's Byrd Center is currently implementing HEALTHeFORCES to selected facilities within West Virginia. The HEALTHeSURVEY module was implemented at Marshall University Medical Center in June 2004. HEALTHeCARD and HEALTHeNOTE modules were implemented in March 2005. Pre-implementation activities are currently underway at Tug River Health Clinic, McDowell County, WV.

Ms. JONAS. I'd be happy to talk to the Army and to Dr. Winkenwerder about the program. I would simply say that—healthcare is absolutely a critical and vital area for our military members and their families. We'd be very happy to work closely with Senator Byrd and his staff to make sure that the program is proceeding as intended by Congress.

EXPANDED USE OF INFORMATION TECHNOLOGY TO REDUCE HEALTHCARE COSTS

Senator STEVENS. Well, the Senator has asked me to ask this specific question. Given the fact that President Bush has pointed to an expanded use of information technology as a primary way to reduce healthcare costs in America, and given the fact that the HealtheForces has proved to be incredibly cost efficient and consumer friendly, what steps will the Department take, in conjunction with the National Technoology Transfer Center (NTTC), to expand the use of this healthcare forces technology to other States? And I would invite it to Alaska, obviously.

Ms. JONAS. Certainly, Senator. Again, I would be happy to provide the details of where we are with our information technology in the medical healthcare arena, particularly for those programs that you cited. I would be delighted to work with you and your staff, and Senator Byrd's staff, on that matter.

Senator STEVENS. Perhaps we will visit with some other representatives of the Department at a later date. I'm increasingly disturbed at the number of veterans in my State that have to fly to Seattle or Portland or San Francisco or Los Angeles, at their own expense, to deal with these problems of chronic diseases, and particularly diabetes and cancer, because there are no facilities in Alaska. But the people fly right over them that come in from Korea and from the bases in the Pacific—the North Pacific, I'm talking

about now, rather than the South Pacific, going to Hawaii, obviously. But it's something that I would like to explore, also.

Senator, do you have any further questions?

Senator ALLARD. Mr. Chairman, I do have a couple of questions, if it's possible, that I would like to pursue, just briefly. It shouldn't take too long.

Senator STEVENS. I was urged to finish this by 11 o'clock. Why don't you take part of the time and I'll finish with the questions for the full committee.

Senator ALLARD. Thank you, Mr. Chairman.

I just want to, for the record, make the point that where we've shot a bullet with a bullet, or a rocket with a rocket, is a successful program. It's the Patriot advanced capability-3 (PAC-3). It has been very successful. Our issues are with the long-term things, and a lot of that's coordinating communication and all of that.

MILITARY SPACE PROGRAMS

But to move on to—I notice, in your written testimony, you didn't discuss any of the military space programs. And so, my question is, To what extent does the budget reflect the importance of military space programs, and particularly the ones—the Air Force is focused on developing a number of advanced satellites, including space-based radar, transformational communications satellites and space-based infrared radar system-High (SBIRS). Is there sufficient funding in the future year defense plan to sustain these programs?

Ms. JONAS. Certainly, Senator, space is a very important aspect of our program. I can provide a lot of detail for the record, if you would like. On the SBIRS-High program, we have about \$757 million in the program now; for the transformational satellite, about \$836 million; for the space-based radar, about \$226 million for that. We also have commitments to other programs, like the advanced extremely high frequency satellite. We've got about \$1.2 billion in the program for that.

So space is a fair amount of our investment, and we agree with the importance of space.

[The information follows:]

The fiscal year 2006 President's Budget request for the Space Based Infrared System (SBIRS)-High Program is \$761 million; the request for Space Radar is \$226 million; the request for the Transformation Satellite (TSAT) Communications program is \$836 million; and for the Advanced Extremely High Frequency (AEHF) Program is \$1.2 billion. There is currently sufficient funding in the future year defense plan to sustain these programs.

BASE REALIGNMENT AND CLOSURE COMMISSION SAVINGS

Senator ALLARD. The second issue I want to discuss briefly is the BRAC process that's going into effect this year. And so, now we're beginning to talk about the 2006 budget. And so, I would assume it would have a little bit of an impact on the 2006, maybe even more on 2007. So I'm interested in what you anticipate might be the savings with the BRAC in the early years here, and then as we progress over time. And to what extent, with our global posture, will that reduce the size and scope—do you think it will occur?

Ms. JONAS. I can certainly talk to what we have experienced, in terms of savings in past BRAC rounds. We eliminated about 21

percent of our excess capacity in past BRAC rounds, and got about \$17 billion worth of savings, and recurring savings of about \$7 billion annually.

Senator ALLARD. What was that? How many billion?

Ms. JONAS. Seventeen billion dollars.

Senator ALLARD. Seventeen billion dollars.

Ms. JONAS. I believe that's a General Accounting Office (GAO) and Congressional Budget Office (CBO) estimate on that. But that's what we've done.

Senator ALLARD. This is with past rounds.

Ms. JONAS. With past BRAC rounds. I cannot speak to what we would expect. I'm not part of the group that is considering BRAC issues.

With respect to global posture, certainly the BRAC Commission will be informed by the global posture initiative. Again, I cannot speak to the details of that; I'm not involved in that. But certainly it will have an impact.

Senator ALLARD. Very good.

Thank you, Mr. Chairman, for allowing me that extra time.

Senator STEVENS. Thank you very much.

ACHIEVING SUFFICIENT ARMOR PROTECTION

Secretary Rumsfeld announced that we are really proceeding as rapidly as possible on appropriate armor for all vehicles in the war zone. I'm told that the Army has spent \$4.1 billion on vehicle arming, and this has provided armor packages for about 60 percent of the 35,000 tactical wheeled vehicles in the theater. I was further told that those that have not been up-armored are kept within secure bases.

Now, the Marine Corps has spent \$290 million, so far, on, I think, 30,000-plus Humvees. Is the funding in this request now sufficient to ensure that we can tell people that all vehicles operating outside of protected compounds will have the appropriate armor protection soon? And how soon?

VEHICLE ARMOR

Admiral WILLARD. Sir, the statement that was made by the Secretary during testimony was that General Casey had assured him that by February 15—so already past date—that, with few classified exceptions, no vehicles would be utilized outside their garrisons within Iraq without appropriate armor on them. So we are past that deadline date at this point, and the expectation is that our uniformed personnel that are transported around Iraq are in appropriately up-armored vehicles and convoys when they do it.

Senator STEVENS. Does this include helicopters? Have we included some additional armor on helicopters?

HELICOPTER PROTECTION

Admiral WILLARD. Sir, the helicopters—the rotary-winged assets that are in theater are armored. And when we have referred to “up-armor” in the past, we're referring to up-armor on our wheeled vehicles, by and large; and there are up-armored kits, and they range from, literally, steel to composite-material up-armor, which

is significantly lighter, but, nonetheless, affording some protection. So there are various tiers of armor, but it's generally the wheeled vehicles that we're talking about.

Senator STEVENS. Well, the last time I managed a bill on the floor, I faced substantial questions from Members about whether this amount was sufficient to up-armor the vehicles. Can you assure us the money that's in this bill will take care of the demands for up-armoring in the balance of this fiscal year?

Ms. JONAS. Senator, we have \$2.7 billion in the supplemental request. And, to our knowledge, that meets the requirement that U.S. Central Command (CENTCOM) has, at this point. We've also asked for about \$200 million in the baseline 2006 budget. Just to note, up to this point we've spent about \$5.4 billion from the funds that were provided through the \$25 billion that this subcommittee helped with, and also reprogrammed about \$2.6 billion. So we think we're fairly well covered, to this point.

PROPOSED AIRCRAFT PROCUREMENT REDUCTIONS

Senator STEVENS. All right. The 2006 budget produces the planned buys for both the C-130J and the F/A-22. Secretary Rumsfeld has testified that both reductions may be reversed. And the QDR that's coming out, the Quadrennial Defense Review, will address, specifically, the F-22, I am informed. The Air Force initially planned to buy 168 C-130J's and signed a contract to buy 62. But the 2006 budget proposes to end that program after buying 53 aircraft. The 2006 budget also called for ending production of the F/A-22 in 2008, at 179 aircraft, as opposed to the previously planned 268. And that was expected to save \$10.4 billion.

Some of us raised questions about the cancellation costs and whether they were adequately taken into account. I understand that the Department is considering a reversing decision by the Secretary's decision. And can you tell us—What should we do? Should we wait for a budget amendment, or should we take it on our own to try and adjust this? When will the decision be made?

AIRCRAFT PROGRAM: C-130J/F-22

Admiral WILLARD. Sir, we have a number of both studies in play and reviews coming up that are intended to answer the question on the capabilities mix of both our mobility forces containing C-130J and our tactical forces within the scope air dominance that contained the F-22 capabilities. A mobility capability study is current ongoing, expected to read out at the end of March; and that mobility capability study is all forms of strategic mobility—air, ground, and sea—in addition to intra-theater lift assets, such as C-130J. And we will be better informed when that mobility capability study is under review with regard to the exact mix of aircraft that are required.

One of the key factors in the C-130J decision had to do with Marine Corps aircraft and the intent to supply a full number of Marine Corps tankers from that buy. And that's one of the challenges that we face now with regard to the exact timing of, and scope of, the reduction, the savings, to ensure that the Marine Corps get those aircraft.

Insofar as F-22 is concerned, the upcoming Defense review will study air dominance within an air control operations capability area. And within air dominance, a very heavily invested area for the Department, there are a variety of both tactical aircraft and other systems involved. F/A-22 is one of those. And within the scope of that capability area, we intend to determine where the F-22 fits and what mix of F-22s—what number of F-22s are most appropriate for the Department.

OTHER AREAS OF CONCERN

Senator STEVENS. We need to talk to—it's my understanding that some of the monies requested are not currently authorized. They're in the intelligence portion of the budget. And so, I think, Ms. Jonas, that our only alternative now is to have a classified hearing on that portion of the request that are before us. And I would hope that you would cooperate with us on that sometime soon.

Ms. JONAS. Certainly, Senator.

Senator STEVENS. I'm really very concerned about some other questions, but time is running on us. We, in particular, want to talk about modularity, in terms of the change to the brigade-based force. Perhaps those questions would be best addressed to the chiefs, when they appear before us, particularly the Army chief. But the Army National Guard problem has not been finalized. We're going to have a difficult time handling that money unless we understand what's going to be the contribution of the Guard to total force in that area. But I also have a question here regarding the decision to decommission the *John F. Kennedy*. I'm going to submit several of those questions to you, just for the record, because they're questions that have been suggested by other Members.

We look forward to working with you. And I know it's a difficult problem.

I think I should tell you that a number of our colleagues now share some of the comments we're hearing from the Democratic members of the committee concerning the question of, When will we start full budgeting for the ongoing operations, on the basis that what we're doing is no longer conducting a war, but peacekeeping operations in both Afghanistan and Iraq? That's going to be a difficult question for us on the floor, and I urge you to work with other members that are going to be, from the Department, coming before us, so we can be assured that we're all operating on the same assumptions with regard to this process of having budgets for the war zones be continued in supplementals after that basic war has been terminated. We still have the war on terrorism, as such, and we can understand the antiterrorism activities may be difficult to budget for in advance, but the planning for the continued assistance through the period of adjustment, in both Afghanistan and Iraq, are such that many of—as I said, many members are telling me and members of this subcommittee that they believe we ought to see a normal budgeting process.

Now, the President has submitted a 2006 budget, and that's, you know, an accomplished fact. I'm sure we're not going to ask to change that. But looking forward to 2007, I'd like to know what representations we can make about the practices that the adminis-

tration will follow with regard to ongoing peacekeeping operations in Afghanistan and Iraq.

I hope that you will consider that a fair question and will get some response from the Department before we get to the floor on the supplemental.

Ms. JONAS. Certainly, Mr. Chairman. We look forward to working with you on those questions.

Senator STEVENS. Thank you very much. I appreciate your patience.

ADDITIONAL COMMITTEE QUESTIONS

I should tell you, there's a full-blown debate going on, on the floor, and there are two other subcommittees meeting at the same time, so there are others who may have questions to submit, and we will notify you if they do.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO TINA W. JONAS

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

RETENTION

Question. We are concerned about retention of our Special Operations forces. We understand that both the 2006 President's Budget and the Emergency Supplemental request include additional funding to support retention. What is the status of Special Forces retention and how is the Department addressing this issue?

Answer. Preliminary reports from the Special Operations Command (SOCOM) indicate that fiscal year 2005 retention is beginning to show improvement with special offerings recently made available. Currently, the Services are preparing their first fiscal year 2005 retention report for submission to the personnel community within the Office of the Secretary of Defense with a mid-April target date. The report will be submitted quarterly. Additional information should be available after the Service reports are submitted.

Beginning on January 1, 2005, the Department implemented a SOF retention package that included: Critical Skills Retention Bonus (CSRB) for Enlisted personnel and Warrant Officers in designated occupational specialties; Special Duty Assignment Pay (SDAP) for Enlisted personnel (E-4 through E-9) in SOCOM designated billets; Assignment Incentive Pay (AIP) for Enlisted personnel and Warrant Officers operators in SOCOM designated billets with more than 25 years of service; and Critical Skills Accession Bonus for Warrant Officers with SOF skills.

COST OF OPERATIONS ENDURING FREEDOM AND IRAQI FREEDOM

Question. I understand that the Department has absorbed the cost of Operation Noble Eagle within the baseline budget for fiscal year 2006. What is the Department's plan for absorbing the cost of Operations Enduring Freedom and Iraqi Freedom within the baseline budget?

Answer. The Department included ONE costs in the baseline budget because these costs are no longer temporary in nature and can be predicted.

Baseline DOD budgets include funds for organizing, training and equipping our military. They do not include costs for Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) operational tempo (OPTEMPO). These costs are more difficult to predict because of the continuing insurgency activity. Currently, we are not able to estimate with great certainty the troop deployment, fuel utilization, logistics and transportation requirements, nor the composition (Active vs. Reserves) of forces to be deployed. Because of these unknowns, any estimate prepared in time to be included in the fiscal year 2006 President's request would have been flawed.

Once these operations have fully stabilized and have predictable costs, and, if the decision is made to continue the operation on a long-term basis, the Department will transfer responsibility for OEF and OIF to the baseline budget, similar to when the

funding from Balkan operations was transferred from the Overseas Contingency Operations Transfer Fund (OCOTF) to the Services accounts in fiscal year 2003.

QUESTION SUBMITTED BY SENATOR THAD COCHRAN

CORROSION FUNDING

Question. Last year the Government Accountability Office reported that corrosion costs the Department of Defense as much as \$20 billion per year. The Services and GAO estimate the funding needed for 2006 is approximately \$332 million for corrosion prevention projects. The GAO estimates the savings to investment ratio is 10 to 1, and projects with an 80 to 1 savings ratio are not uncommon. It would seem to me that programs which demonstrate a savings to investment ratio of 10 to 1 would be the type of programs that you would want to fund. Since the return on investment is so great and the annual costs of corrosion so high, why is the Pentagon recommending not only such a small amount of funding this year but also an amount that is significantly less than what was recommended last year? Can we expect to see an increase in corrosion funding in the future?

Answer. In the fiscal year 2006 President's budget request, the Department has included approximately \$15 million annually (fiscal year 2006-fiscal year 2011) in Defense-wide accounts. The decision on how much to request in fiscal year 2006 was based on the need to fund competing priorities as we established an on-going corrosion prevention program.

The Department's fiscal year 2006 request for corrosion prevention provides funding for projects with a projected average return on investment (ROI) of at least 10 to 1. We will re-examine corrosion prevention funding in fiscal year 2007 and beyond as we are able to assess the actual savings realized by our fiscal year 2005 and fiscal year 2006 funded projects. Thus, any future funding increase will depend on our ability to validate our ROI projections and realize projected savings while taking into account the Department's other funding needs. The Department believes this approach in combating the insidious effects of corrosion is both sound and methodical.

The Department is taking steps to address corrosion and is taking corrosion seriously. All major systems are required to address corrosion prevention and control throughout the total life cycle of systems, from development through sustainment. This requirement is expected to result in significant long term corrosion cost avoidance.

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

JOINT COMMON MISSILE

Question. As you know, the Joint Common Missile (JCM) was terminated in Presidential Budget Decision 753. Eight months into Phase 1 of System Design and Development, JCM is a remarkably healthy, low-risk program on schedule, on budget, and successfully demonstrating important new capabilities for the warfighter. Canceling the JCM ignores the opinion of our top military leaders and deprives our servicemembers of a new capability they need to survive against future threats. Can you explain why this program was targeted?

Answer. The Joint Common Missile was terminated for a variety of reasons, including affordability, as well as demonstrated capabilities of current munitions such as Hellfire II, the Joint Direct Attack Munition, and Laser-Guided Bombs. Good alternatives for Joint Common Missile exist, so this is an area where the Department is able to take a certain amount of risk. Also, the Air Force is refurbishing Maverick missiles and is developing the Small Diameter Bomb Increment 2 to field similar capabilities as the Joint Common Missile.

Question. Further, the JCM meets Joint Service requirements and fills a critical capabilities gap that cannot be met by upgrading existing weapon systems. For example, JCM has twice the standoff range of the Hellfire, Longbow, and Maverick missiles it will replace on Army, Navy and Marine Corps aircraft. The accuracy of its tri-mode seeker will give our forces precision-strike lethality to eliminate threats that are located near non-combatants. That is why the top-ranking officers in all three services that have requested JCM—the Army, Navy, and Marine Corps—all believe the program must be restored. How can you justify terminating this program?

Answer. As stated above, the Joint Common Missile was terminated for reasons of affordability and demonstrated performance of other munitions. In addition to ca-

pable weapons such as Hellfire II, Joint Direct Attack Munition, and Laser-Guided Bombs, the Department is scheduled to begin production of the Small Diameter Bomb Increment 1 this fiscal year, which will also limit collateral damage for fixed target attack. A follow-on Increment 2 for Small Diameter Bomb under development will offer moving target attack, which will offer capabilities similar to the Joint Common Missile.

KWAJALEIN JOINT CONTROL CENTER

Question. It is my understanding that your Department is considering the increased use of "remote operations" for the Kwajalein Test and Space Operations site. As I understand it, this would mean both a cost savings and increased efficiencies with the handling of sensitive data. Further, I have heard that this "remoting" will be conducted from a new "Kwajalein Joint Control Center" to be located in Huntsville, Alabama. I support this move in efficiency and cost savings and would ask that you provide me an update on the current status of this proposed project and the out-year funding profile necessary to support this activity.

Answer. The Army is currently conducting an in-depth review of the U.S. Army Kwajalein Atoll/Reagan Test Site (USAKA/RTS) to determine a means of optimizing range operations. A key cost saving recommendation is to remote the operation of radars and sensors from Kwajalein back to the United States via fiber optic connection. Some of the operations personnel, currently located on Kwajalein, could be moved to a remote operations center in the United States. With fewer personnel on Kwajalein the cost of supplying public works, services and infrastructure on the atoll could be reduced. The Army is studying the concept of remote operations, including a survey of possible locals in the United States for the remote operations center, but has not yet selected a location for that center.

The Army has not yet committed to any changes in operations at Kwajalein. The Army has funded a marine survey to determine the possibility of fiber installation on the ocean floor. The total cost of installing fiber could be between \$36 million and \$55 million—depending upon whether or not there is Federated States of Micronesia and/or Marshall Island National Telephone Authority participation. Leasing the fiber is also under consideration, and may be more cost effective. The cost of standing up a remote operations center is estimated at \$7 million.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

ACCOUNTING REFORM

Question. Secretary Jonas, the reform of the Pentagon's accounting systems is imperative to allowing the Defense Department to pass a thorough audit, as required by law. But funds appropriated for the Business Management Modernization Program (BMMP) in past years have been under-expended, indicating that the program has slowed down from its rapid start.

What specific goals or milestones do you expect the BMMP to achieve in fiscal year 2006?

Answer. The program is being realigned to support tangible transformation efforts. Essential to this effort is delivering BEA 3.0 and a complete, comprehensible Transition Plan by September 30, 2005. These deliverables will facilitate the Department's transformation efforts which are now focused on rapidly implementing specific Business Enterprise Priorities. The first priorities we are addressing are: Acquisition visibility; common supplier engagement; materiel visibility; real property visibility; financial visibility; and personnel visibility.

Within each of these priorities are a set of initiatives that have short (6 months), mid (12 months) and long term (18+ months) impact on the Department's transformation efforts and will be selected based on its ability to deliver a needed capability or business improvement to the Department.

It is true that the BMMP has under-expended in prior years. However, beginning in fiscal year 2005, execution is on track. As of June 2005, over 91 percent of Operation and Maintenance, Defense-Wide (O&M, D-W) and approximately 90 percent of Research, Development, Test & Evaluation, Defense-Wide (RDT&E, D-W) funds (including prior year funds) are obligated. The balance of funds available will be obligated during the fourth quarter projected to be disbursed by September 30, 2005, with the remaining dollars disbursed in October and November 2005.

Question. Do you expect that the Department of Defense will continue to have a significant amount of unexpended funds by the end of the current fiscal year? When do you expect the unexpended funds that existed at the end of fiscal year 2004 to be fully obligated?

Answer. The Department is projecting that approximately \$251 billion will be unexpended at the end of fiscal year 2005. Of this amount, approximately \$205 billion (unliquidated obligations) represent legally binding contracts resulting in the ultimate cash payment at a subsequent time. The remaining \$46 billion (unobligated balances) represent amounts which are available for approved programs but which are not yet obligated. These funds are committed to the programs for which initially appropriated but are awaiting the completion of contracting or other legal prerequisites of contracting before the funds are fully obligated.

The unobligated balances related to multiyear appropriations at the end of fiscal year 2004 will be fully obligated by the end of fiscal year 2006 with the exception of Shipbuilding and Military Construction appropriations that will expire for obligational purposes at the end of fiscal year 2008.

Question. What is the status of efforts to cut down on the large number of unnecessary charge cards in the Department of Defense? How many charge cards are now in circulation, and is the Department now carrying out credit checks to cut down on the number of cards issued to individuals whose credit record might indicate a high risk for charge card abuse?

Answer.

Efforts to cut down the number of cards

For the purchase card, we have established internal controls to automatically shut down a card that has been inactive for 6 billing cycles. In addition, Program Coordinators can now run a report that lists cards with little or no activity.

For the travel card, the Department entered an agreement with Bank of America to prevent charges against accounts that have not been used in a twelve month period.

For the Fleet and Aviation Intoplane Reimbursement (AIR) cards, accounts that do not show activity over a 6 month period will be highlighted and the account will be closed unless sufficient rationale to keep the account open is provided.

Number of charge cards in circulation and credit checks

For the purchase card, the number of card holder accounts is approximately 112,000, which is less than half of the over 230,000 purchase cards that were in circulation in 2001. Regarding the issue of credit checks, the Department's legal determination is that existing statutes preclude obtaining actual credit checks without the cardholder's consent (i.e. Privacy Act, Fair Credit Reporting Act, etc). If cardholders consent, the Department uses a "Creditworthiness Evaluation" to assist in determining the creditworthiness of potential cardholders. The Systems of Records Notice to allow credit checks without cardholder consent is being reviewed by GSA's Office of General Counsel. Once completed, bargaining with local bargaining units will be required, which will involve discussions with over 1,400 bargaining units and is expected to take a minimum of 2 years.

For the travel card, there are approximately 975,783 open accounts, down from 1,370,477 in 2002. The Department has always conducted credit checks from the outset of the program, if an individual gave consent. We cannot conduct credit checks without individual consent under the Fair Credit Reporting Act. Individuals with a satisfactory credit score are issued a standard card with \$5,000 limit and individuals with a lower score, or who decline a credit check, are issued a restricted card with a \$2,000 limit. Since January 2004, 1,917 applications have been denied.

For the Fleet and Aviation Intoplane Reimbursement (AIR) cards, there are 58,221 and 20,075 cards, respectively. Since the Fleet cards are issued to DOD owned or leased vehicles or equipment and the AIR cards are issued to aircraft, no credit checks are performed because neither card is assigned to a specific individual.

HEALTHEFORCES

Question. Thanks to a collaborative effort that I helped to initiate between Walter Reed, Marshall University, and the National Technology Transfer Center (NTTC), diabetic patients and other chronic disease sufferers in Southern West Virginia will be better able to manage their disease and enhance their quality of life. Marshall's Byrd Center for Rural Health has adapted the HEALTHEFORCES program and is in the process of launching HEALTHEWV at Marshall University Medical Center and other rural clinics in Southern West Virginia. The NTTC, in turn, will lay the groundwork for the program's implementation at other sites in the State and nation. HEALTHEWV is a shining example of linking national health care advancements with local expertise to meet West Virginia's unmet health care needs.

Secretary Jonas, how is this program progressing toward implementation in West Virginia?

Answer. The Marshall's Byrd Center is currently implementing HEALTHeFORCES to selected facilities within West Virginia. The HEALTHeSURVEY module was implemented at Marshall University Medical Center in June 2004. HEALTHeCARD and HEALTHeNOTE modules were implemented in March 2005. Pre-implementation activities are currently underway at Tug River Health Clinic, McDowell County, WV.

Question. Given the fact that President Bush has pointed to an expanded use of information technology as a primary way to reduce health care costs in America, and given the fact that HEALTHeFORCES has proved to be incredibly cost-efficient and consumer-friendly, what steps will the Department take in conjunction with the NTTC to expand the use of HEALTHeFORCES technology in other states?

Answer. The Army has delivered a functioning HEALTHeFORCES technology to the National Technology Transfer Center for further expansion as appropriate.

QUESTIONS SUBMITTED TO ADMIRAL ROBERT F. WILLARD

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

REDUCTION IN FORCE

Question. The fiscal year 2006 budget requests funding to decommission the U.S.S. *John F. Kennedy*. How will this reduction in force affect readiness and our overseas military presence?

Answer. The Fleet Response Plan enables the Navy today to surge multiple carriers on demand. Under the 6+2 plan, 6 carriers are available within 30 days to meet commitments and another 2 will be available within 90 days. A force reduction of one carrier may alter the availability to either 6+1 or 5+2, depending on scheduling factors. However, a fleet of 11 carriers will maintain readiness standards to source the most demanding defense scenarios within acceptable risk guidelines. Additionally, the reduction from 12 to 11 carriers aligns with the currently available 11 Carrier Air Wings.

A primary contribution of carriers to the defense strategy is deterrence through global presence. The Navy will continue to maintain the required carrier presence. Innovative global force management practices will enable joint solutions, such as Air Force aircraft in a forward region, to augment or substitute for carrier presence to meet Combatant Commander needs. Overseas presence and deterrence is further bolstered by an increase in rotational expeditionary forces from all Services under the global presence and basing strategy.

In summary, the Department of Defense must make difficult force structure trades under a constrained budget to meet current and emerging challenges. The Department of Defense and the Navy are undergoing aggressive transformation while still executing phase IV operations in Operations IRAQI and ENDURING FREEDOM. The future 11-carrier fleet enabled by the Fleet Response Plan, technological advances, improved training, and superior maintenance will provide the capability required to successfully execute the defense strategy.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

MISSILE DEFENSE

Question. I understand that a key aspect of the Department's missile defense strategy is to pursue a layered defensive system, designed to intercept and destroy ballistic missiles of all ranges, during any phase of their flight. The recent successful test of an operationally configured Standard Missile 3 from a Navy Aegis cruiser is an indication of the potential for one part of the layered system. Could you share with this committee your assessment of the missile defense effort, and how this budget proposal might affect the Department's ability to achieve the layered system that is envisioned?

Answer. The Missile Defense Agency (MDA) continues to develop and incrementally field a joint, integrated and multi-layered defense—the Ballistic Missile Defense System (BMDS)—against all ranges of ballistic missiles. Layered defenses are important because they provide defense in depth across all phases of flight (boost, midcourse and terminal) and make deployment of enemy countermeasures more difficult. The recent success of the Standard Missile 3 test from an Aegis cruiser adds confidence to our ability to address the short- to intermediate-range ballistic missile threats. Development of other capabilities continues to address the entire capability range of the threats.

The MDA has followed a funding strategy of retaining alternative development paths until a capability is proven. The fiscal year 2006 budget proposal supports the development for fielding of various BMDS elements and components, including the: Ground-based Midcourse Defense (GMD), Terminal High Altitude Area Defense (THAAD), Airborne Laser (ABL), Kinetic Energy Interceptor (KEI), improved sensors, and battle management. All of these elements of the BMDS, and other efforts, will combine to achieve a robust, layered defense.

The warfighter's assess that MDA has a balanced approach to developing and fielding capabilities that take into account the evolving threats. The fiscal year 2006 missile defense budget proposal supports the funding strategy by focusing resources on the most promising development paths to create a multi-layered defense to protect the homeland, deployed forces, friends, and allies against ballistic missile attack.

Question. The budget proposal truncates the C-130J program after fiscal year 2006, leaving both the Air Force and Marine Corps short of their modernization objectives. From the joint perspective, how will this proposal affect the Defense Department's air transport and refueling capabilities?

Answer. At the time the decision was made to truncate the C-130J program, recent studies indicated that the current tactical airlift fleet could support the military strategy. Additionally, there was an incomplete understanding of the associated contract termination liabilities. However, with the recent flight restrictions placed on portions of the C-130 fleet and better understanding of the contracting implications, the Department of Defense has recently stated a willingness to re-evaluate the C-130 capability required and the decision to truncate the C-130J program.

The Mobility Capability Study (MCS) and the Quadrennial Defense Review (QDR) will address the transport and refueling requirements for the Department. These studies will also help determine the quantity and right mix of transports and cargo aircraft required for the joint force. The MCS should be ready for release in the spring of 2005 and the QDR should be completed by February 2006.

SUBCOMMITTEE RECESS

Ms. JONAS. Thank you, Mr. Chairman.

Senator STEVENS. Thank you very much.

Admiral WILLARD. Thank you, Mr. Chairman.

[Whereupon, at 11:03 a.m., Tuesday, March 2, the subcommittee was recessed, to reconvene subject to the call of the Chair.]